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SUBJECT: NAM CAN BORDER OPEN FOR BUSINESS

REF: A. Hanoi 1043 B. 02 Hanoi 2889

1. (U) SUMMARY. The Vietnam - Laos Nam Can border crossing in Nghe An province opened to foreigners in January 2003. There appears to be a frenzy of building activity in and around the border, but cross border traffic remains modest. Smuggling of drugs and other contraband in the border area remains a chronic problem. Vietnamese and Lao border forces coordinate regularly and there have been small drug seizures based on cross border cooperation. With the border crossing internationalized, tourist development will be more possible. Ref a covered the United Nations Office of Drugs and Crime (UNODC) Ky Son project. END SUMMARY.

2. (U) During a monitoring trip to UNODC's Ky Son project April 21 - 24, poloff and pol FSN visited the Nam Can border crossing at the end of National Highway 7 in Ky Son district. From Mung Xem, the district capital, it is about 15 miles to the border over a winding, hilly, but reasonably well-paved road.

FOREIGNERS CAN CROSS

3. (U) Nguyen Cong Dong, head of the Nam Can border unit, confirmed that the Nam Can border crossing is now open to foreigners. Dong said that this plan had been in the works "for a couple years" and that it is part of the GVN's overall plan to upgrade border crossings between Vietnam and Laos. (Note: ref b reported on the Cau Treo border crossing on Highway 9 in Ha Tinh province and the Lao Bao crossing on Highway 8 in Quang Tri province. End note.) The crossing at Nam Can is relatively far from any significant population center; Vinh, a large city along the main north-south Highway 1, and its companion port at Cua Lo, are about a six-hour drive to the east.

4. (U) The Nam Can crossing remains little known and there has been little, if any, official coverage of this decision to internationalize it. Dong estimated that, since Nam Can's opening to foreigners, "about 100 people from 15 to 20 different countries" have crossed, using various modes of transportation. He recalled a small group of foreigners even crossing on bicycles. He predicted that, once the border crossing is better known, the numbers will "increase substantially."

MUCH CONSTRUCTION, MODEST TRAFFIC

5. (U) There appears to be a large amount of construction activity around the border area, mostly in initial stages. The last section of the main road is being upgraded and a large area adjacent to the road is being leveled. Dong claimed that he was not sure what the construction plans are, but he guessed that "most likely" there would be trading center, post office, bank, and hotel built "within the next five to ten years." Dong said that as far as he knew, the GVN had not yet declared the area a "border economic zone" as it has in other Vietnam - Lao crossings (ref b), but he predicted the area would be so designated "in the near future."

6. (U) Locals from both sides of the border may cross freely with permits from the relevant authorities. They may even stay on the other side for up to 10 days, but must report to the local police, Dong added. He noted that many residents (mostly Hmong) have relatives on both sides of the border and that villages and towns on the Lao side are "quite similar" to those in Vietnam.

7. (U) Cross border traffic is still modest, according to Dong. He estimated that about 70 - 100 vehicles cross daily, but the traffic is not steady. During the two hours poloffs were in the area, there was little activity on either side and no vehicles crossed. Dong predicted that tourist development in Ky Son would now be more possible with an international border and that more tourist guesthouses would go up in Mung Xen "within the next couple

years." (There are currently only two.) He also noted that the UN project is helping to raise living standards in the area and "should lead to more trade."

SMUGGLING - A CHRONIC PROBLEM

18. (U) Smuggling of drugs and other contraband remains a major problem along the Lao - Vietnam border, including at Nam Can. Dong admitted that "significant amounts" of narcotics are entering Vietnam from the Lao side, not just through the border, but also via the heavily wooded and steep hills that surround the area. The drugs, which also include lesser amounts of amphetamine type stimulants (ATS), mostly originate from the Golden Triangle. While domestic consumption is growing, even in Ky Son, the bulk of the narcotics likely continue to be transshipped to other countries, including the PRC and Australia, he added.

19. (U) Dong admitted that drug smuggling is a "difficult and complicated" problem. To get at the problem, Dong said that his forces have taken a number of initiatives, including information campaigns, using informants, and, cooperating with the local Customs office as well as the Lao counterparts. Despite these efforts, results appear rather meager. In 2002, according to Dong, his forces made only 15 drug arrests and confiscated 37.5 kilograms of opium, 1,112 vials of ATS, and about one kilogram of heroin.

110. (U) In addition to drugs, Dong said that other contraband make their way down Highway 7. Most of the smuggled goods originate from Thailand and include small electronics and appliances, motorbike parts, and cigarettes. In some cases, drivers drop off goods along the road for distribution to more remote areas.

111. (U) Dong said that his equipment is "basic, but generally sufficient." He has drug-testing kits to make basic tests, but for further analyses, he sends suspected drugs to a testing lab in Hanoi. Most of his force has undergone Ministry of Public Security basic drug training, which he termed "very helpful."

112. (U) Dong claimed that cross border coordination is "good" and he and his Lao counterparts have "excellent relations." They meet at least once a quarter, but more often if necessary. He said cross border information exchanges have been "helpful" in making drug-related arrests. Specifically, Dong recounted that in October 2002, he received a tip from his Lao counterpart about an opium smuggler crossing into Vietnam via a nearby forest path. The Lao counterpart provided information regarding timing and routing that enabled his forces to ambush the individual.
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